

NAPA COMPENSATION
QUESTIONNAIRE NOTES

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Date(s) of Interview 10/7/88, Revised 10/25

I. Compensation System:

What is compensation approach? (How organization manages and why)

A. Hire at, above, or below market salary rates, recruitment bonuses used? No recruitment bonuses are used at Sandia.

1. Entry vs. senior level hires. Try to hire the best grads at selected schools and target start salaries at approximately the 90th% of the previous year's CPC (College Placement Council) start rates. Therefore, current year rates are usually less than that. For experienced hires, they place the hiree on the maturity curve. But they don't try to buy people; so won't offer greater than 10% more than currently earning as a general rule. Requests to offer more than 10% require approval of the Executive Vice President, and a very few are approved.

B. Geographic vs. national pay schedules and why? Use a single national set of start rates and maturity curves for their scientists and engineers (S&E's).

C. What are special compensation programs for supervisors and non-managerial staff? None.

D. Pay adjustments—Based on market, profitability or ? Sandia's parent corporation is Bell Labs/AT&T. The annual pay adjustment package is based on the Bell Labs package as a max., ie. the salaries of Bell Labs are maturity and degree adjusted. Sandia then population weights against Bell Lab salaries by degree level and YSBS (Years since B S degree) to find the upper limit of the total compensation package, including permanent(base building) and non-permanent (non-base building).

1. Increase or Salary Management? Salary management based on performance rank order by peer group.

2. Frequency Annual, but not all will receive an increase in base salary if it is consistent with their ranking.

3. Merit increase distributions (common date or Anniversary? exceptions or mid-years) based on individual's performance. Common date for permanent dollar (base building) increases, some non-permanent dollars are used throughout the year for recognition of significant accomplishments.

4. Amount of increase tied to performance? Yes through their salary management process.

5. Can non-supervisory pay equal or exceed executive pay? (dual ladder-have it; your views) No dual ladder; but there is overlap of salaries of non-supervisory level and next level (supervisor).

6. Lead, lead/lag or lag; market target at x % +/- market? N/A see above.

E. How important is uniformity of pay across different business lines and organizations? Have a Lab-wide program; do not specifically differentiate across different programs at Sandia.

1. Uniformity
2. Flexibility
3. Problems/Issues

F. Roughly what portion of total compensation is bonuses or other forms of at risk pay? For S&E's have a non permanent pay component of approximately 20%.

G. What is purpose of putting pay at risk? To be able to reward those are truly contributing above and beyond, and don't want to build increased costs into longe budgets.

H. Who can make exception to your start salary rules? What can they change? The Exec V.P. on experienced hires. For new graduates, start rates are established by Compensation; any starts above the guideline are deductions from the following year's merit pool for that V. P.

1. National office only? (What can they waive?)
2. Division VP?
3. Manager/Supervisor?

I. Added Compensation for passing clearance (lifestyle restrictions--can't publish, etc.). No.

J. Premium pay (overtime, hazardous duty pay) for professional employees? No.

1. Do have it? No.
2. Who is eligible and under what circumstances?

K. What do you disclose about your pay system to employees?

1. Classification descriptions? Yes.
2. Rate ranges? Yes.
3. Policies/procedures? Yes.
4. Individual pay rates? Yes, as noted below.
5. Other? Yes.

For items 1-3, Have a Supervisor's Salary Manual (updated annually) which has these data in it. RE item 4: they use a dot matrix and show employees who ask where their dot is compared to the other salary dots. They may not make copies of any thing in the Supervisor's Manual. RE item 5: the

Supervisor's Manual also has benefits information in it.

II. RECRUITING APPROACH

What do you sell to recruit staff?

New Graduates: National Laboratory with national renown, 24 days vacation, positives of geographic location, patriotic appeal to national defense mission, benefits (predominantly noncontributory), starting salary, dual ladder career pathing, post & bid/movement system.

Experienced:

- Yes A. Salary
- Yes B. Benefits including deferred compensation
- Yes C. Career with firm
- Yes D. Opportunity to work with latest technology
- Yes E. Importance of projects, to? National defense.
- No F. Profit sharing
- No G. Perquisites (work environment) Actually some, e.g. geographic site, dual ladder path, 24 days vacation.
- Yes H. Ability to work with first class organization (yours)
- Yes a. best minds
- Yes b. at cutting edge, or?
- Yes c. ? State-of-art equipment.
- No I. New Grad training program? **Exceptions:** BS (selected few) recruited for one-year-on Campus for MS (AA/EEO Program) and Special Engineering Development Program (very few selected) BS 1/2 time for MS; high GPA; EE, CS, ME only.
- J. Any other thoughts/concepts?

III. Special Recruiting-New PhD or experienced?

What would do to attract a world class talent (PhD in Mathematics, MIT - exception, not pipeline talent. New, identify early & track, try to support via summer student program, sell nature of work.

- A. Would you make exception to your normal classification /compensation rules? Re: classification--extremely rare and very experienced only. Re: compensation--VP may propose additional dollars with Exec VP concurrence, (bank account against next year allocation--taken against next year's merit kitty).
- B. If so, on what basis? How excellent a job match there is.
 - 1. Work environment Programmatic need for specialist.
 - Yes 2. How much flexibility to keep a hook in them?
 - 3. Conflict of interest issues? NO. Competition? Yes, but not a normal consideration. One offer made, not subject to negotiation.
- C. How do you pay top people? Generally, 75 to 90th percentile of College Placement Council Survey with flexi that at VP/ExecVP direction.

1. Pros/Cons or problems in your system. Market driven start rates vs equity internally.

IV. Workforce Concept

What kind of workforce concept are you operating under?

- A. Lifetime career, no layoff? Yes, unless the Laboratory funding dries up or the individual's performance goes to pot.
- B. Only for duration of project? No.
- C. Hire cutting edge recruits from school; edge out with slow raises after a few years, or? Try to hire cutting edge recruits. Salary managed consistent with performance relative to peers.
- D. Fully experienced, proven talent from other organizations? Very few.
- E. Government/Military as a source? Very few.
- F. Revitalization of burned-out people? If so what, what conditions? No.

V. Employee Mobility. See Attached.

Do you move your professional staff? What levels? (e.g. Management only? Technical?

- A. What problems, if any, are you having?
- B. What solutions are you using that work best?
- C. How do you keep transferees whole?
 1. Family
 2. Spouse
 3. Second wage earner
 4. Schools
 5. Other
 6. Additional services offered?

VI. General Support

Do you have:

- A. Second career support - Outplacement activity/consultant? No.
- B. Do you rely on short term "borrowing" of staff from research organizations/universities. etc. (conditions

18-24 months; person goes back to prior job) - Conflict
of interest, sabbatical issues? No.

C. Flexible Benefits (Upper mid-level to below Officer) No.